

# Certificate in Wealth Management

## Mock Test

1.) Wealth management is beneficial from the point of view of wealthy investor profession as they obtain professional advice on safe investment with desired \_\_\_\_\_ and \_\_\_\_\_ at competitive fees.

- A. Capital investment; risk distribution
- B. Income generation; risk reduction
- C. Income generation; risk laundering
- D. Rate of return; capital application

2.) Since no two individuals are same there is difference in their capacity to take risk and expectation from investment in terms of \_\_\_\_ and \_\_\_\_.

- A. Income generation; Risk laundering
- B. Capital investment; Risk distribution
- C. Risk reduction; Income generation
- D. Capital appreciation; Income protection

- 3.) Bank in India categorize a person as HNI if his/her net worth is over\_.
- A. 75 lacs
  - B. 25 lacs
  - C. 1 crore
  - D. 50 lacs
- 4.) \_\_\_\_\_ is an endeavour towards extension of bank and financial services to a large number of people over wider areas, who are not provided with such services at low service fees.
- A. Financial obtrusion
  - B. Financial Intrusion
  - C. Financial Inclusion
  - D. Financial Planning Provision
- 5.) How does planning for retirement help an individual?
- A. It is the tax favoured way of setting aside money during the working years for retirement
  - B. It reduces taxable income in the years that the individual has contributed
  - C. It provides as estimate of the income during the retirement years
  - D. All of these
- 6.) Customers with annual income level between Rs. 1 Lac and Rs. 2 Lacs are classified as \_\_\_\_\_.
- A. Aspirational Class
  - B. Dragging Class

- C. Striver Class
- D. Climbing Class

7.) For the purpose of wealth management which goals are given first priority?

- A. Long term goals
- B. Retirement goals
- C. Hidden goals
- D. Intermediate goals

8.) Who concern with relations between security returns

- A. Random diversification
- B. Correlating diversification
- C. Markowitz diversification
- D. Friedman diversification

9.) According to capital asset pricing model assumptions, quantities of all assets are

- A. Not given and variable
- B. Given and fixed
- C. Given and variable
- D. Not given and fixed

10.) Liquidity risk is:

- A. Is risk investment bankers face

- B. Increase whenever interest rates increases
  - C. Is lower for small OTC
  - D. Is risk associated with secondary market transaction
- 11.) Calculate the future value of Rs.10,000 in 5 years from now, at an interest rate of 8% A. 14793.28
- B. 14993.28
  - C. 14693.28
  - D. 14893.28
- 12.) High portfolio return is 6.5% and low portfolio return is 3.0% then HML portfolio will be?
- A. 0.4615 times
  - B. 0.0216
  - C. 0.035
  - D. 0.095
- 13.) An unsystematic risk which can be eliminated but market risk is the
- A. Remaining risk
  - B. Aggregate risk
  - C. Ineffective risk
  - D. Effective risk
- 14.) \_\_\_\_\_ is a serious concern when designing a strategy to obtain cash flow from a total return portfolio.
- A. Raising funds
  - B. Market volatility
  - C. Liquidity

D. Capital appreciation

15.) Customers with annual income level between Rs. 2 Lacs and Rs. 2.5 Lacs are classified as\_?

- A. Aspirational Class
- B. Climbing class
- C. Striver class
- D. Dragging class

16.) In order to settle on compound growth rate of an investment over period, an investor determine the \_

- A. Arithmetic mean
- B. Geometric mean
- C. Arithmetic median
- D. Calculus mean

17.) In capital asset pricing model, assumptions must be followed including

- A. No transaction costs
- B. No taxes
- C. All of above
- D. Fixed quantities of assets

18.) \_\_\_\_\_refer to an investor

- A. Risk capacity

- B. None of these
  - C. Risk tolerance
  - D. Risk modulation
- 19.) What is the aim of retirement planning
- A. All of these
  - B. Assess readiness-to-retire given a desired retirement age
  - C. Identify actions to improve readiness-to-retire
  - D. Acquire financial planning knowledge
- 20.) \_\_\_\_\_refers to the financial capacity of a client to withstand market loss.
- A. Risk modulation
  - B. None of the above
  - C. Risk tolerance
  - D. Risk capacity
- 21.) Stock portfolio with highest book to market ratios is considered as
- A. H portfolio
  - B. L portfolio
  - C. B to M portfolio
  - D. S portfolio
- 22.) The wealth manager collects data from the client and uses this information to\_\_\_\_\_.
- A. Educate the client about the process in general
  - B. Explain all possible investment alternatives

- C. Explain the purpose of choosing an investment strategy
  - D. All of these
- 23.) What refers to, an arrangement where a person entrusts property to one person or an organization.
- A. NGO
  - B. Trust
  - C. None of these
  - D. Will
- 24.) What is EAR, if stated interest rate of 9%, compounded monthly
- A. 0.0938
  - B. None of these
  - C. 0.000938
  - D. 0.938
- 25.) Arrange the following steps of wealth management in correct order. (I) understanding Financial Goals (II) portfolio construction and execution (III) profile review (IV) Investment Planning.
- A. (IV), (I), (II), (III)
  - B. (I), (IV), (II), (III)
  - C. (I), (II), (III), (IV)
  - D. (I), (III), (II), (IV)
- 26.) What is the main advantage of insurance
- A. All of these
  - B. Protection against disabilities

- C. Mortgage protection
  - D. Provides continuity of income
- 27.) Beta reflects stock risk for investors which is usually
- A. Collective
  - B. Individual
  - C. Weighted
  - D. Linear
- 28.) Political constancy is chief aspect concerning
- A. Country risk
  - B. Non-systematic risk
  - C. Systematic risk
  - D. Exchange risk
- 29.) Second factor in Fama French three factor model is the\_\_\_\_\_.
- A. Size of Industry
  - B. Size of portfolio
  - C. Size of Company
  - D. Size of Market
- 30.) Dollar-cost averaging allows investors to stay away from trouble of buying high and selling
- A. Least
  - B. Low



C. High

D. Highest

Answers:

- 1) D
- 2) D
- 3) C
- 4) C
- 5) D
- 6) A
- 7) A
- 8) B
- 9) B
- 10) D
- 11) A
- 12) D
- 13) A
- 14) C
- 15) A
- 16) B
- 17) A
- 18) B
- 19) B
- 20) A
- 21) B
- 22) B
- 23) B
- 24) B
- 25) A
- 26) C
- 27) A
- 28) D
- 29) D
- 30) D